

# EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

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## *AGENDA OF MAY 24, 2023*

### *REGULAR MEETING*

**TO:** Brian Veerkamp, Chair, and  
Members of the El Dorado County Local Agency Formation  
Commission

**FROM:** Erica Sanchez, Assistant Executive Officer

**AGENDA ITEM #3:** Draft Greenstone Country Community Services District Municipal  
Service Review and Sphere of Influence Update (LAFCO Project  
No. 2022-03)

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#### **RECOMMENDATION**

Staff recommends that the Commission:

1. Open the public hearing and comment period on this matter; and
2. Receive the presentation from staff for the Draft Greenstone Country Community Services District Municipal Service Review and Sphere of Influence Update; and
3. Continue the public hearing and comment period to June 28, 2023 and direct staff to return this item at the June 28, 2023 meeting for final action and adoption.

#### **REASON FOR RECOMMENDED ACTION AND BACKGROUND**

El Dorado LAFCO has prepared this municipal service review and sphere of influence update for the Greenstone Country Community Services District to satisfy the relevant requirements under Sections 56425 and 56430 of the Cortese-Knox-Hertzberg Local Government Reorganization Act, requiring periodic reviews of an agency's sphere of influence (SOI) and a review of its municipal services (MSR).

LAFCO Policies and Guidelines Section 4.2 requires the Commission to review and update spheres of influence for agencies providing municipal services, including wastewater services, every five years. Greenstone Country CSD is considered a municipal service provider since it provides wastewater services. At the December 2022 meeting, the Commission directed staff to complete an MSR-SOI update for the Greenstone Country CSD in Fiscal Year 2022-23.

#### **Greenstone Country CSD**

The Greenstone Country Community Services District (GCCSD) was formed in 1981 to provide services to the Greenstone Country Subdivision, a gated rural residential community located north of Green Valley Road, near the intersection with Lotus Road, between Rescue and Placerville. GCCSD is empowered to provide wastewater, parks and recreation, drainage, and security related services. The District's service area includes 357 lots and 2,265 acres.

GCCSD was established primarily to oversee and regulate onsite wastewater disposal systems in the Greenstone Country Subdivision, in compliance with a waste discharge waiver from the

Central Valley Regional Water Quality Control Board. GCCSD provides wastewater services in the form of septic systems inspections and water quality testing in the community's lakes. The District does not provide these services directly, all wastewater services are contracted out to qualified professionals.

GCCSD also provides supplementary funding to the Greenstone Country Owners Association (HOA) for parks and recreation services (maintenance of the community's parks, lakes, and trails), drainage (maintenance of the drainage culverts and Indian Creek Dam), and security related services (cameras, lighting, gates). All facilities are owned by the HOA.

#### MSR and SOI Determinations

In order to update an agency's sphere of influence, LAFCO shall conduct a service review of the municipal services provided and prepare a written statement of determinations with respect to the factors outlined in Section 56430(a) and LAFCO Policies and Guidelines Section 4.4. In determining the sphere of influence for an agency, LAFCO shall consider and prepare a written statement of determinations with respect to the factors outlined in Section 56425(e). The recommended MSR and SOI determinations for the Greenstone Country CSD are included within Sections III and IV of the report and as Attachment B.

#### Sphere of Influence Recommendation

LAFCO staff did not identify any substantial areas for improvement or current issues faced by the District that needed to be addressed or resolved as a part of this municipal service review. Overall, the MSR found that GCCSD provides adequate funding for services within its boundaries and facilities are maintained at levels consistent with the residents' expectations.

GCCSD had an opportunity to participate in this MSR-SOI update and was helpful throughout the process. The GCCSD General Manager provided requested information and documents in a timely manner and LAFCO staff was invited to attend a GCCSD Board meeting to discuss the MSR. An administrative draft of the report was provided to GCCSD for review and technical correction, all feedback provided was incorporated into the report as appropriate. The Board confirmed that it has no interest in expanding its SOI or making any changes in services at this time.

GCCSD's service area has not changed since its creation, nor has its sphere of influence, which is coterminous with its service area boundaries. GCCSD's SOI was last affirmed on February 24, 2010. **Based on the updated information and analysis in this MSR, it is recommended that no changes be made to the GCCSD sphere of influence at this time and that the Commission reaffirm the current sphere, as depicted in *Exhibit A*.**

#### Public Comment Period

The 35-day public comment period for the Draft GCCSD MSR will begin on May 24, 2023. The GCCSD MSR will be brought back to the Commission at the June 28, 2023 meeting for final action and adoption. Comments can be submitted to [lafco@edlafco.us](mailto:lafco@edlafco.us), or will be accepted up to the conclusion of the June 28, 2023 hearing.

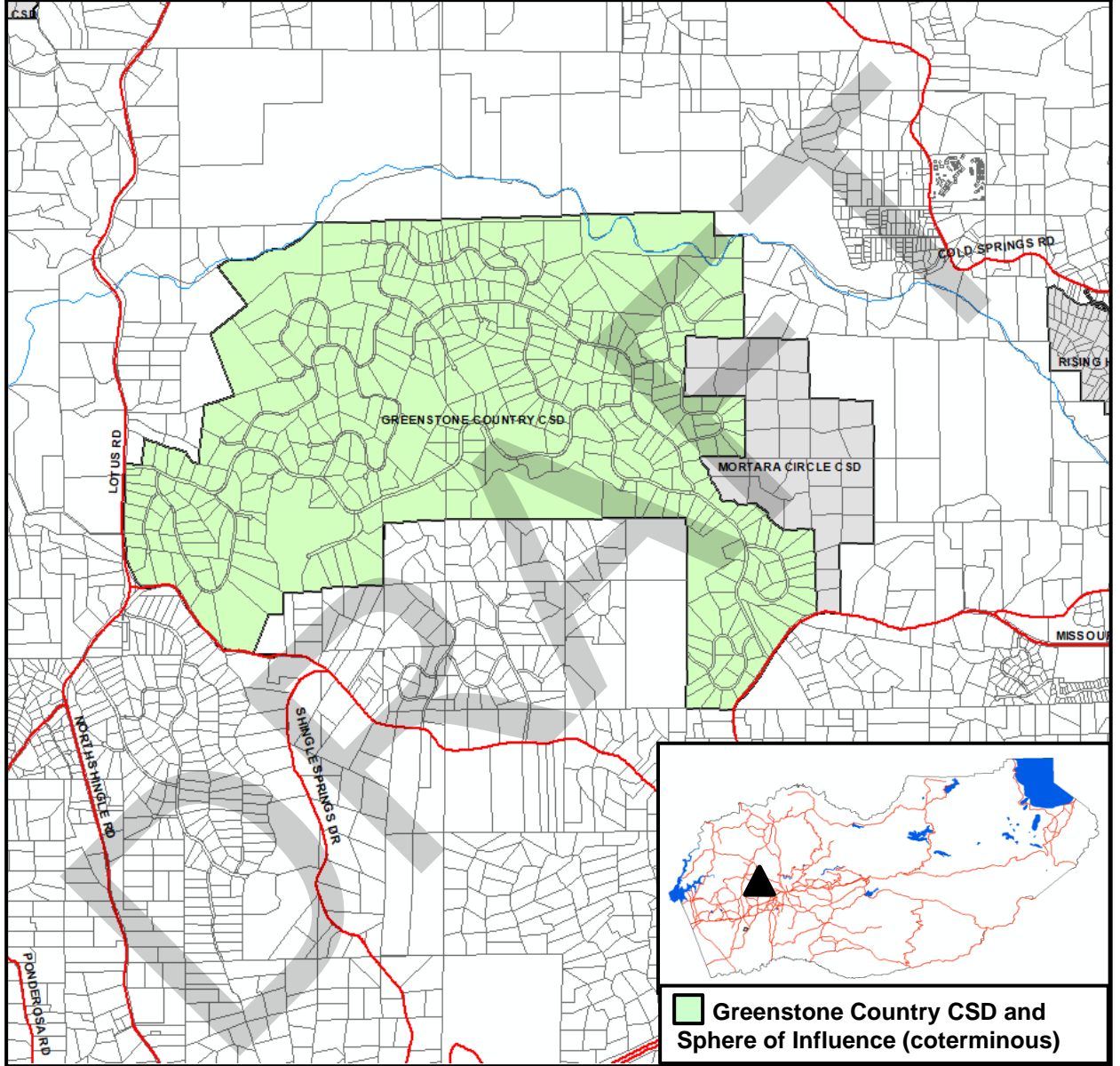
#### Attachments:

- Attachment A: Exhibit A: Proposed Greenstone Country CSD Sphere of Influence Map
- Attachment B: MSR and SOI Determinations
- Attachment C: Draft Greenstone Country CSD MSR-SOI Update

**Greenstone Country Community Services District  
Sphere of Influence Update  
LAFCO Project No. 2022-03  
Resolution L-2023-XX**

# **EXHIBIT A**

## **Greenstone Country Community Services District and Sphere of Influence**



## **MSR DETERMINATIONS**

### **1. Growth and population projections for the affected area.**

There is an estimated population of less than 1,000 within the District. GCCSD's population is not expected to increase significantly. No land use changes are anticipated and little growth is anticipated within the District's boundaries other than what may occur as a result of development at full build out. The Greenstone Country Subdivision currently consists of 357 lots, though 433 lots were approved as part of the planned development. The GCCSD Board has not indicated interest in expanding its service area.

### **2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.**

Based on all available data, it is reasonable to conclude the median household income within GCCSD is well above the median income level for a disadvantaged community. There are no areas in or around the GCCSD boundary or SOI that are identified as a disadvantaged community.

### **3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies, including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.**

GCCSD owns the building that serves as both the District office and HOA office, but the land is owned by the HOA and the use of the structure is limited by a special use permit. The District does not own any infrastructure or facilities, including wastewater infrastructure. Wastewater treatment is provided by individual private septic systems. GCCSD plans for capital outlay projects and allocates reserves annually per its reserves policies.

### **4. Financial ability of agencies to provide services.**

GCCSD is financed primarily through property taxes and to a lesser extent, special taxes. The special tax has a maximum limit that is several times the current special tax rate. The GCCSD Board has the discretion to increase the special tax substantially if additional revenue is necessary.

GCCSD appears to operate with financial stability and within its reserve policies. The District has adequate financial resources to provide expected services to the community; the District has no long-term debt and no major infrastructure needs. The District plans for operational and capital needs through the annual budgeting process. Revenue appears adequate for the District to continue to provide funding for services, consistent with resident expectations, and to adequately maintain reserves.

### **5. Status of, and opportunities for, shared facilities.**

GCCSD contracts out for all services and does not own any major equipment. GCCSD shares office space with the HOA, but is not within close proximity to any other public entity that provides similar services. No significant opportunities for shared facilities have been identified.

GCCSD is adjacent to the Mortara Circle CSD, which provides road maintenance services within its boundaries. Greenstone Country's roads are private and maintained by the HOA.

The two neighborhoods are accessed separated from Green Valley Road, there are no connecting roadways between the two neighborhoods. Given the differences in services and authorized powers, there are no opportunities to share facilities.

### **6. Accountability for community service needs, including governmental structure and operational efficiencies.**

GCCSD Board meetings and notices appear consistent with Brown Act requirements (Government Code §54950 et seq.), which govern open meetings for local government bodies. Meetings are open to the public and there are opportunities for public involvement and input. The district's sharing of office space with the HOA also provides additional opportunity for community feedback.

GCCSD appears to operate efficiently under its existing structure; the current governmental and management structures are appropriate to allow the District to provide necessary services and operate in an efficient and effective manner. No significant issues regarding local accountability were noted.

**7. The potential effect of agency services on agricultural and open space lands.**

A single 40-acre parcel on the outer edge of GCCSD is included in the Gold Hill Agricultural District overlay. The parcel is owned by the HOA and not currently used for agricultural purposes. The CSD is surrounded by lands zoned for low density residential uses. It is unlikely GCCSD's services would induce growth or the premature conversion of agricultural land to developed uses. The District has no plans to expand its service area in any direction. There should be no additional impacts to the economic viability of surrounding agricultural operations as a result of GCCSD's activities or actions.

**SOI DETERMINATIONS**

**1. The present and planned land uses in the area, including agricultural and open space lands.**

Present land uses within GCCSD are primarily low density and rural residential, with some agricultural uses. Planned land uses are anticipated to remain the same. There are no current plans to amend the land use designations to allow for more intense development.

**2. The present and probable need for public facilities and services in the area.**

Present needs for public facilities and services are currently being met. All public facilities have been constructed and paid for and the District has not indicated the need for additional facilities. Probable needs for future public facilities and services are not anticipated to vary significantly from present needs, though there could be a minimal increase in future demands if Greenstone Country was developed to full build out. GCCSD does have any plans to expand its current service area.

**3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.**

The present capacity of public facilities provided and maintained by GCCSD is adequate to serve the existing community, based on the current level of service expected by District residents. Private septic systems are installed by the landowner and the District does not own, operate or have a wastewater system. Recreation, drainage and security facilities are managed by the HOA with partial funding from the District.

**4. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.**

GCCSD's service area includes the entire Greenstone Country Subdivision and no additional territory. The District is located in a rural region of El Dorado County, loosely between the Rescue Rural Center to the southwest and the Diamond Springs-El Dorado Community Region to the east. Nearby communities include Rescue, Gold Hill, the greater unincorporated Placerville area, and the Mortara Circle neighborhood.

**5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.**

GCCSD provides wastewater services in the form of private septic system inspections and water quality testing. While wastewater is a municipal service as defined in Government Code Section 56425(e)(5), LAFCO has not identified any disadvantaged communities within the District's boundaries or its sphere of influence. As noted, wastewater treatment is provided by individual private septic systems.

# EL DORADO LAFCO

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LOCAL AGENCY FORMATION COMMISSION

## **Greenstone Country Community Services District Municipal Service Review and Sphere of Influence Update**

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**Public Draft  
May 24, 2023**

**El Dorado Local Agency Formation Commission**

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## **I EXECUTIVE SUMMARY**

The fundamental role of Local Agency Formation Commissions (LAFCOs) is to implement the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act, Government Code Section 56000, et seq.), consistent with local conditions and circumstances. Pursuant to Section 56425 of the CKH Act, the commission shall periodically review the sphere of influence (SOI) of each city and each special district within the county. Section 56430 requires a municipal service review (MSR) be prepared before the Commission can update an agency's SOI. El Dorado LAFCO is preparing this municipal service review and sphere of influence update for the Greenstone Country Community Services District, following the requirements of State law and LAFCO policies.

This report is organized as follows:

Section 1 – Executive Summary

Section 2 – Agency Overview including formation, services, organizational structure, and financial overview

Section 3 – Municipal Service Review Determinations

Section 4 – Sphere of Influence Determinations

Section 5 – Environmental Review under the California Environmental Quality Act (CEQA)

Section 6 – References and Sources

Section 7 – Appendices: Background on MSRs and SOIs, Background on Disadvantaged Unincorporated Communities, Environmental Justice

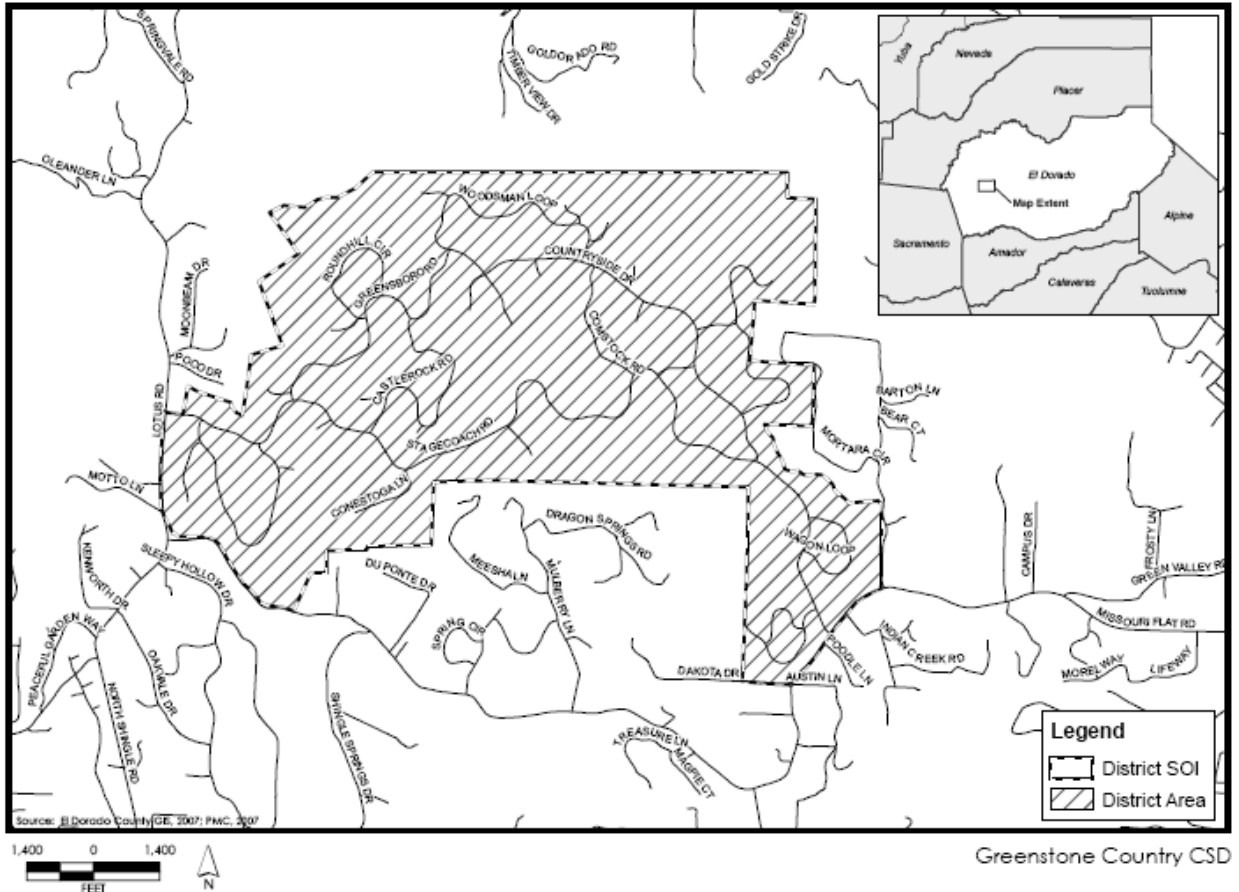


**II AGENCY OVERVIEW**

**GREENSTONE COUNTRY COMMUNITY SERVICES DISTRICT**

<b>Contact Information</b>	
<b>District Office</b>	3451 Stagecoach Road Placerville, CA 95667
<b>Phone</b>	(530) 622-3755
<b>Website</b>	<a href="http://www.greenstonecsd.org">www.greenstonecsd.org</a>
<b>Email</b>	<a href="mailto:greenstonecsd@outlook.com">greenstonecsd@outlook.com</a>
<b>Management Information</b>	
<b>Board of Directors</b>	Rod Rozman, President 2020-2024 Jeff Young, Vice President 2022-2026 Daniel Schmidt, Director 2020-2024 Greg Smith, Director 2020-2024 Teryl Allen, Director 2022-2026
<b>Board Meetings</b>	District Office: 3451 Stagecoach Road, Placerville, CA 95667 <ul style="list-style-type: none"> <li>▪ 2<sup>nd</sup> Wednesday of January, March, May, July, September, and November at 4:30 pm</li> <li>▪ Special Meeting: Last Wednesday of August at 4:30 pm</li> </ul>
<b>Staff</b>	Shelly Greene, General Manager
<b>Service Information</b>	
<b>Principal Act</b>	Community Services District Act (Government Code §61000 et seq.)
<b>Services Provided</b>	Wastewater, parks and recreation, security, and drainage
<b>Latent Powers</b> <i>(LAFCO approval required)</i>	Fire protection, law enforcement, library, mosquito abatement, roads and other related services, solid waste collection, street lighting and landscaping, and water
<b>Area Served</b>	Approximately 2,265 acres (3.5 square miles) 357 parcels
<b>Population Served</b>	Estimated population under 1,000 682 registered voters (2019)
<b>Major Infrastructure</b>	District office building owned by GCCSD; District office land and recreation facilities owned by the Greenstone Country Owners Association (HOA)
<b>Fiscal Information</b>	
<b>FY 2021-22 Budget Summary</b>	New Revenue: \$244,446 / Expenditures: \$287,174 End of Year Fund Balance: \$357,962
<b>Funding Sources</b>	Property taxes: average 10.0652% increment Special taxes (FY21-22): developed parcels \$115.10, undeveloped parcels \$57.54 (indexed to the CPI, maximum limits of \$300 per parcel per year plus \$150 per year per improvement)

Figure 1: Greenstone Country CSD and Sphere of Influence



**FORMATION**

**PRINCIPAL ACT**

The Greenstone Country Community Services District (GCCSD) was established as an independent special district pursuant to Title 6, Division 3 “Community Services Districts” (Government Code §61000 – 61250). GCCSD is authorized to provide wastewater, parks and recreation, security, and drainage services within its boundaries.

The CSD principal act can empower community services districts to provide up to 32 services, facilities or functions. Powers enumerated in the CSD principal act but not identified as active are “latent,” meaning that they are authorized by the principal act under which the District is formed but are not being exercised. Latent powers and services activation require LAFCO authorization as indicated in Government Code §25213.5. Additional information about GCCSD’s latent powers is included within the Services section.

**FORMATION PROCEEDINGS**

GCCSD was formed by El Dorado LAFCO on April 2, 1981 (Resolution 81-09), followed by a conducting authority order by the El Dorado County Board of Supervisors on May 5, 1981 (Resolution 134-81). The District was formed to provide services to the Greenstone Country Subdivision, most notably overseeing and regulating onsite wastewater disposal system design, installation, and operation in the Greenstone Country Subdivision as required by the Central Valley Regional Water Quality Control Board. GCCSD also provides parks and recreation, drainage, and security services to the Greenstone Country Subdivision.

## **BOUNDARY AND SOI**

GCCSD's jurisdictional boundary and sphere of influence (SOI) are coterminous and cover approximately 2,265 acres (3.5 square miles). The District's service area includes the Greenstone Country Subdivision, located north of Green Valley Road, near the intersection with Lotus Road.

GCCSD's jurisdictional boundaries and SOI have not changed since its formation in 1981. The District's current boundary and SOI adequately cover the anticipated service area for the GCCSD and no changes to either are proposed at this time.

## **LAND USE**

Greenstone Country was the first designated planned development in El Dorado County, developed as a gated rural residential community with equestrian and recreational amenities including hiking and horse-riding trails and several small ponds. It is in a rural region, directly west of the El Dorado-Diamond Springs and Placerville Community Regions. Greenstone Country currently consists of 357 lots, though the subdivision is approved for up to 433 at full build out. Most parcels in the community range from three to ten acres.

Under the current General Plan, land uses within the District are almost entirely low density residential and zoned residential estate, five-acre minimum. Areas surrounding the District are predominantly rural and low density residential, with some open space, agricultural lands, industrial, and medium density residential. Land uses within the District are currently subject to the El Dorado County General Plan and Zoning Regulations (El Dorado County Code Title 130).

A single, 40-acre parcel in the northeastern corner of the District is included in the Gold Hill Agricultural District. This parcel is owned by the HOA and separated from the rest of the GCCSD by Weber Creek. The parcel is vacant and not in agricultural use.

Development projects within Greenstone Country are subject to the Greenstone Development Policies, adopted by the El Dorado County Board of Supervisors on March 19, 1985 (Resolution 61 – 85). Development Policy A2 states that low density and rural residential shall remain the predominant use. The policies also require a finding of consistency with El Dorado County General Plan policies.

## **POPULATION**

Population estimates for GCCSD are approximated, as it is not defined as a Census Designated Place. The Greenstone Country Subdivision lies within census tract 309.02, which expands far beyond the boundaries of the District on three sides. The District is primarily within block group 3 of 309.02, though small portions are also within block groups 1 and 2.

A census tract is a geographic area defined by the United States Census Bureau. The geographic size of a census tract varies widely depending on the density of population. Census tracts are further divided into census block groups, generally between 600 and 3,000 people. In more rural counties, with a dispersed population and fewer concentrated communities, census blocks can potentially cover large geographic areas.

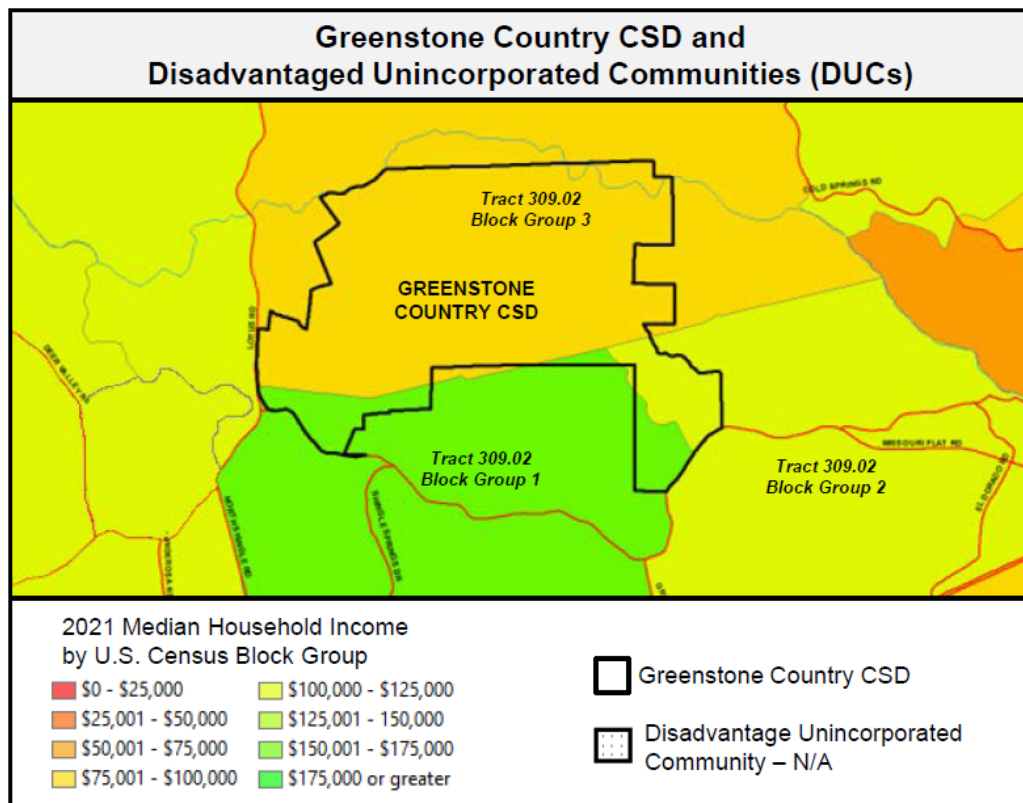
The 2020 Decennial Census reported a population of 1,327 within census tract 309.02 block group 3, down slightly from 1,398 persons in 2010. In comparing this defined area to GCCSD's boundaries, the estimated population within the District is estimated to be approximately 1,000 persons. According to county elections records, there were 682 registered voters within the District in 2019.

**DISADVANTAGED UNINCORPORATED COMMUNITIES**

LAFCO is required to evaluate water service, wastewater service, and structural fire protection within disadvantaged unincorporated communities (DUCs) as part of this service review, including the location and characteristics of any such communities. GCCSD provides wastewater services within its jurisdictional boundaries and is therefore responsible for assuring that this service is adequately provided to the Greenstone Country community. The El Dorado Irrigation District provides water services and the Diamond Springs-El Dorado Fire Protection District provides structural fire protection services to areas within and surrounding GCCSD.

According to the 2021 U.S. Census American Community Survey 5-Year Estimate, the statewide annual median household income was \$84,097. A disadvantaged unincorporated community is defined as a community with an annual median household income that is less than 80 percent of the statewide annual median household income. Based on the definitions above, none of the block groups that make up the GCCSD qualify as disadvantaged.

GCCSD lies entirely within census tract 309.02, which is substantially larger than the District boundary. The District is primarily within census block group 3, though small areas are also within block groups 1 and 2 as well. The primary block group boundary for GCCSD is larger than the District boundary and income estimates cannot be refined further.



**Table 1: Study Area Population by Median Household Income**

Geographic Area Name	Median Household Income	DUC Criteria (<80% Statewide MHI)
California	\$84,097	80% = \$67,278
Block Group 1, Census Tract 309.02	\$150,360	No
Block Group 2, Census Tract 309.02	\$104,757	No
Block Group 3, Census Tract 309.02	\$97,599	No

Source: U.S. Census Bureau, 2017-2021 American Community Survey 5-Year Estimates, B19013

## **SERVICES**

Greenstone Country CSD is empowered to provide the following services within its jurisdictional boundaries:

- Wastewater – septic system inspections and water quality testing in the community’s lakes
- Parks and recreation – support as available for maintenance of the parks, lakes, and trails owned by the Greenstone Country Owners Association (HOA)
- Drainage – maintenance of the drainage culverts and Indian Creek Dam
- Security – cameras, lighting, gates

## **WASTEWATER**

GCCSD provides wastewater services in the form of septic systems inspections and water quality testing in the community’s lakes. The District does not provide these services directly, all wastewater services are contracted out to qualified professionals.

One of the conditions of approval for the Greenstone Country Subdivision was the establishment of a public entity to maintain the sewage disposal systems as all properties are served by individual septic systems.

At the time of approval, the Central Valley Regional Water Quality Control Board expressed concern that the systems could fail due to shallow soil, slow percolation rates, and installation of systems that are unproven. However, the Board ultimately determined that impacts on water quality should be mitigated by proper implementation of the Greenstone Country Plan for Wastewater Disposal and the Greenstone Country Subdivision Drainage and Erosion Control Plan.

The Regional Water Board granted GCCSD and Greenstone Country Subdivision a waiver of waste discharge requirements on May 22, 1981, based on the fact the CSD had been formed for the operation and inspection of the wastewater systems and El Dorado County already regulates single family residential on-site wastewater treatment and disposal systems (Resolution 81-068). The waiver is conditional and remains in force at the Regional Board’s discretion. This is not expected to change as long as there are no issues with the septic systems impacting water quality.

In the event of a failure or other issue, septic system inspection reports and water quality testing results are reported to El Dorado County’s Environmental Management Department, which has the authority and responsibility to regulate Greenstone Country Subdivision in a manner consistent with their current procedures and policies.

### **Septic System Inspections**

The District is mandated by the County of El Dorado to conduct annual wastewater system inspections for all private lots and common areas within Greenstone Country. This currently includes a total of 348 wastewater systems (leach fields and septic tanks), including 333 individual improved residential lots, ten of which have two septic tanks, and five non-residential common areas with systems.

GCCSD contracts out for this service and recently awarded a multi-year contract through June 30, 2026. The contractor is responsible for conducting inspections and maintaining inspection records of all 348 systems and providing monthly inspection reports to the District.

### **Engineering Services**

The District previously had a long-standing contract with a registered Geologist to provide ongoing engineering services such as the review of septic system designs for new construction, repair design of existing systems, and conducting annual inspections of all wastewater systems

in the District. In 2022, the District split these duties into two separate contracts for engineering services and wastewater system inspections. The District is currently in the process of working with its legal counsel to prepare an RFP for Engineering Services to fill the vacancy.

#### Water Quality Testing

GCCSD is responsible for water quality testing in the District's lakes. State water reporting requirements include monthly testing of Indian Creek Reservoir and two smaller lakes in the community. The District provides funding to the HOA, which contracts with an environmental lake management firm to perform the water quality testing. Water quality data is provided to El Dorado County's Environmental Management Department in accordance with the State Water Board's requirements.

### **PARKS AND RECREATION, DRAINAGE, AND SECURITY**

GCCSD provides available funding directly to the HOA for parks and recreation, drainage, and security related services. The District reviews and approves an annual contract with the HOA by April 15, based on supplemental funding of the HOA budget. The HOA submits regular claims for reimbursement after services are provided. The HOA receives funding from other sources, in addition to funding from the District and provides other services that are not covered in this analysis.

#### Parks and Recreation

GCCSD provides supplementary funding to the HOA for maintenance of the community's parks, lakes, and trails. All recreational facilities are owned by the HOA.

Park maintenance includes weekly custodial services and regular maintenance for various recreational facilities and landscaping services.

Lake maintenance includes a monthly lake maintenance service, vegetation management, and other routine maintenance of Indian Creek Reservoir. The HOA contracts with an environmental lake management firm to perform regular lake maintenance.

There are several small lakes with limited recreational facilities within Greenstone Country, including Indian Creek Reservoir. Indian Creek Reservoir and the surrounding area are largely unimproved open space with limited selective areas improved for beach and picnic uses, boat launching, and parking. Use of the lake is limited to non-motorized boating, fishing, and swimming.

The HOA also maintains a network of numerous hiking and equestrian trails within the District. Common areas along Indian Creek are protected under a 100-foot wide open space drainage easement, which also serves as a means for providing a part of the overall riding trails system.

#### Drainage

Drainage services include maintenance of the drainage culverts within Greenstone Country Subdivision, and Indian Creek Dam. Drainage facilities were installed in accordance with the Greenstone Country Drainage Plan, including the 100-foot drainage easement along Indian Creek and 18-inch culverts along the roadways.

Dam maintenance includes routine and annual required maintenance and inspections of Indian Creek Dam and payment of the annual dam fee to the State of California Department of Water Resources. Indian Creek Dam is a 36-foot high earthen dam with a maximum capacity to hold 457 acre-feet of water. Indian Creek Dam is owned by the HOA and regulated as a jurisdictional dam by the State of California under the Department of Water Resources Division of Safety of Dams.

All drainage facilities are maintained by the HOA, with partial funding from GCCSD.

Security

Security services include funding for routine maintenance, operational, and replacement or upgrade costs for the security cameras, lighting, and gates. The HOA contracts with a private security company for roaming security patrol.

**LATENT POWERS**

Special districts are limited-purpose governments which have only the powers the Legislature has delegated to them, either at the time of formation or by activation of a new or latent power.

At the time of formation, GCCSD was empowered to provide a wide range of additional services, including law enforcement services, fire suppression, mosquito abatement services, road and road maintenance and other related services, solid waste collection, street lighting and landscaping services and water services. However, the District only ever actively provided drainage, recreation, security, and wastewater services. In accordance with Government Code §61002(h), LAFCO designated all other services as “latent powers” in 2008. The District would need to petition LAFCO for the authority to provide any services currently designated as latent.

LAFCO also established security services as an “active power” and designated law enforcement as a “latent power” in February 2010, given the subsequent separation of security powers from law enforcement powers in Government Code §61100.

In 2019, the District inquired about the process to activate new powers for the purpose of providing brush clearing services for fire protection. LAFCO provided the District with information about the process under Government Code §25213.5. The services would presumably fall under §61100(t), which authorizes a CSD to provide weed and rubbish abatement services within its boundaries. The District has not pursued the expansion of powers further.

**ORGANIZATIONAL STRUCTURE**

**STAFFING**

GCCSD has one employee, a part-time General Manager, and contracts out for all other services. The District Office at 3451 Stagecoach Road is regularly staffed Tuesdays from 9:00 am to 3:00 pm and on Mondays and Wednesdays by appointment 9:00 am to 3:00 pm.

**BOARD OF DIRECTORS / GOVERNANCE**

GCCSD is governed by a five-member Board of Directors, which acts as the authoritative and legislative body of the entity. Board members are required to live within the district boundaries and are elected by voters within the district during even year elections. Board members serve and volunteer without any compensation.

Board Member	Title	Term
Rod Rozman	President	2020-2024
Jeff Young	Vice President	2022-2026
Daniel Schmidt	Director	2020-2024
Greg Smith	Director	2020-2024
Teryl Allen	Director	2022-2026

**ACCOUNTABILITY AND TRANSPARENCY**

District board meetings are held on the second Wednesday of January, March, May, July, September and November at the District office, located at 3451 Stagecoach Road. Additional meetings are held as necessary. Board meetings and notices are consistent with Brown Act requirements which govern open meetings for local government bodies. Meetings are open to the public and there are adequate opportunities for public involvement and input. Meeting agendas are posted at least 72 hours in advance on the District website as well as at the District office.

GCCSD maintains an official website at [www.greenstonecsd.org](http://www.greenstonecsd.org), in compliance with Senate Bill 929 (McGuire, 2018). The District contracts with a company which specializes in producing and maintaining state compliant websites for special districts. The website contains required contact information and special district transparency requirements and appears to be regularly updated with Board meeting agendas and minutes, and other District information and announcements. The District has a published enterprise system catalogue, as required by SB 272 (2016). Meeting packets, annual budgets, and District audits are not regularly posted on the website but are available from the General Manager upon request.



**FINANCIAL OVERVIEW**

**BUDGET**

GCCSD adopts its annual budget for the Fiscal Year (FY) before June 30<sup>th</sup> in accordance with CSD law. The annual budgets provide line items for revenues and expenses, as well as an accounting of the District’s allocated and unallocated reserves. Tables 2 and 3 provide an overview of the last five fiscal years’ revenue and expenses, Table 4 provides an overview of the available fund balance and net changes. Total revenues exceeding expenditures are carried over to the next fiscal year; expenditures exceeding new revenue are covered by transfers from the District’s unallocated fund balance, as necessary.

This section analyzes the financial operations of the District, including financial statements, audits, and other budgetary documents, to assess its long-term financial viability. Annual financial statements, audits, and budget actuals and projections from fiscal years (FY) 2017-18 through 2021-22 were reviewed to determine the fiscal status of the District. Actual budget information was obtained from the County Auditor-Controller’s published special district budget reports, verified with the adopted annual budgets from the District and reported information to the State Controller’s Office. Fund balances were obtained from the State Controller’s Office and the District’s audits. For consistency, actual budget numbers included in the tables below were taken directly from the Auditor-Controller’s budgets and the District’s financial audits, unless otherwise noted.

**Revenue**

**Table 2: Greenstone Country CSD New Revenue: FY2017-18 to 2021-22**

	2017-18 (Actual)	2018-19 (Actual)	2019-20 (Actual)	2020-21 (Actual)	2021-22 (Adopted Budget)
<b>REVENUES</b>					
Property Taxes *	\$187,721	\$192,821	\$200,501	\$207,212	\$223,487
Direct Charges – Special Assessment	\$33,039	\$33,439	\$34,176	\$35,202	\$36,710
Interest	\$4,920	\$8,778	\$7,703	\$1,938	\$2,500
Charges for Planning & Engineering Services	\$1,650	\$450	\$700	\$0	\$100
Miscellaneous	\$0	\$0	\$184	\$94	\$100
<b>New Revenue</b>	<b>\$227,330</b>	<b>\$235,488</b>	<b>\$243,264</b>	<b>\$244,446</b>	<b>\$262,897</b>

\* Includes secured, unsecured, prior, supplemental, State Homeowners Property Tax Relief, and fines and penalties.

GCCSD is financed predominately through property taxes and to a lesser extent a voter-approved special tax, both of which are relatively stable sources of income. As noted, annual revenue shown in Table 2 only includes new revenue and does not include any carryover fund balance from the previous year. In addition to any carryover fund balance from the previous fiscal year, the following sources of new revenue are available to GCCSD:

Property Taxes

Ad-valorem property taxes are calculated and collected by the County and transferred to the District. GCCSD receives approximately 10% of the 1% General Tax collected from the 357 assessed parcels within the District. The District service area includes five separate tax rate areas (TRAs); however, the majority of territory is evenly split between two TRAs, receiving 10.0027% and 10.1277% of the collected property taxes.

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Property taxes account for an average of 82% of new revenue for GCCSD, amounting to approximately \$207,000 in FY 2020-21. Property tax revenue can fluctuate slightly from year to year as the result of normal changes in property taxes, but overall is considered a reliable revenue stream.

Direct Charges

Special districts have the option to levy additional assessments or special taxes upon the parcels within their boundaries, subject to voter approval. In 1981, GCCSD voters approved a special tax with maximum limits of \$300 per parcel per year, plus \$150 per year per improvement for general district purposes, indexed to the Consumer Price Index. Despite this maximum, GCCSD historically only collected \$100 per improved lot and \$50 per unimproved lot, up until 2018. Beginning in 2019, the GCCSD Board has voted each year to increase the annual special tax by the current year CPI.

Properties within GCCSD are currently assessed \$115.10 per improved lot and \$57.54 per unimproved lot (FY22-23). The special tax amounted to approximately \$35,000 in FY 2020-21, accounting for approximately 14% of new revenue. Special taxes are considered a relatively stable form of revenue and GCCSD's maximum special tax rate places the District in a positive position if the Board determines additional revenue is necessary.

**Expenses**

GCCSD's primary role is to reimburse as supplement to HOA for expenses relating to recreation, drainage, and security services. Annual District expenditures can fluctuate due to different amounts spent on maintenance and capital improvements from year to year. The District maintains reserves to replace capital assets and for miscellaneous capital improvements.

On average, service-related expenses in the fiscal years sampled amounted to the following percentage of the overall expenses: recreation (31%), wastewater (17%), security (14%), and drainage (12%). Non service-related expenses amounted to: employee expense (15%) and general operations (8%).

**Table 3: Greenstone Country CSD Expenditures: FY2017-18 to 2021-22**

	2017-18 (Actual)	2018-19 (Actual)	2019-20 (Actual)	2020-21 (Actual)	2021-22 (Adopted)
<b>EXPENDITURES</b>					
Employee Expense	\$32,951	\$37,253	\$38,823	\$39,026	\$40,255
Operations *	\$25,094	\$16,065	\$26,406	\$18,235	\$28,119
Recreation – Parks	\$52,956	\$43,875	\$44,099	\$47,999	\$51,600
Recreation – Lakes	\$21,540	\$21,886	\$22,199	\$23,425	\$22,000
Recreation – Trails	\$3,985	\$14,782	\$4,967	\$10,999	\$36,000
Drainage – Dam	\$7,291	\$9,961	\$10,720	\$12,141	\$11,000
Drainage – Culverts	\$0	\$1,678	\$46,208	\$48,144	\$75,000
Security – Gates, Lights, Cameras	\$53,378	\$25,108	\$33,697	\$33,490	\$34,000
Wastewater – Professional Services (Pumping)	\$9,009	\$8,685	\$10,135	\$12,750	\$0
Wastewater – Professional Services (Engineering)	\$32,540	\$31,230	\$31,350	\$40,965	\$40,000
Professional Services – Accounting	\$4,700	\$0	\$4,900	\$0	\$8,900
Professional Services – Legal	\$5,646	\$5,120	\$2,760	\$0	\$5,000
<b>TOTAL EXPENDITURES</b>	<b>\$249,090</b>	<b>\$215,643</b>	<b>\$276,264</b>	<b>\$287,174</b>	<b>\$351,874</b>

\* Includes insurance, building & equipment maintenance, software & licenses, utilities, general office administration, LAFCO fees and legal notices

**Fund Balance**

Fluctuations in the District's fund balance are primarily due to accumulations of previous carryover amounts in some years and higher spending on capital improvement projects in other years. The fund balance is made up of allocated reserves, amounts that can only be used for specific purposes pursuant to constraints imposed by the formal actions of the District's Board of Directors, and unallocated reserves which have not been designated for a specific purpose.

GCCSD adheres to the following reserves policies for its capital outlay reserves and contingency reserves:

Reserves for Capital Outlay (allocated)

Reserves for Capital Outlay will be spent as needed on the list of expected future expenditures for the District, as shown on the Greenstone Country CSD Reserves document. This document shows the expected cost for the replacement or repair of each item and shows the accrued savings held in the account for each item. The amount saved for each item is spread evenly over the item's expected lifetime. The goal for the actual amount held in this account is to be within 10% of the planned numbers.

Reserves for Contingencies (unallocated)

Reserves for contingencies can be used at any time for any unexpected authorized expenditure of the District, and can also be used to meet the changing cash flow requirements of District operations as necessary, such as decreases in property tax receipts from the county, and impacts of local disasters or catastrophic events covered by the District's Active Powers. The goal for this fund is a minimum of \$200,000, indexed for inflation.

**Table 4: Greenstone Country CSD Fund Balance: FY2017-18 to 2021-22**

	2017-18 (Actual)	2018-19 (Actual)	2019-20 (Actual)	2020-21 (Actual)	2021-22 (Adopted Budget)
<b>Beginning Fund Balance, July 1</b>	\$435,603	\$413,843	\$433,689	\$400,693	\$357,962
New Revenue	\$227,330	\$235,488	\$243,264	\$244,446	\$262,897
Total Expenditures	\$249,090	\$215,643	\$276,264	\$287,174	\$351,874
<b>Net Change in Fund Balance</b>	<b>(\$21,760)</b>	<b>\$19,845</b>	<b>(\$33,000)</b>	<b>(\$42,728)</b>	<b>(\$88,977)</b>
<b>Ending Fund Balance, June 30</b>	<b>\$413,843</b>	<b>\$433,689</b>	<b>\$400,693</b>	<b>\$357,962</b>	<b>\$258,985 (Estimated)</b>

**Audit**

The most recent independent audit completed by the District is for FY 2020-21. Audits for fiscal years 2017-18 through 2020-21 were examined in this analysis. Amounts cited in the audits for these years reflected actual amounts reported by the El Dorado County Auditor's Office for special district budgets, and amounts reported to the State Controller's Office by the District. As noted earlier, the District's incoming revenue is less than total annual expenditures some years; however, the District's Reserves Policies have enabled it to adequately plan for and meet their reserve maintenance obligations.

**Long-Term Debt**

GCCSD does not have any long-term debt.

### III **MSR DETERMINATIONS**

As set forth in Section 56430 of the CKH Act, in order to prepare and to update an agency's sphere of influence in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided and the commission shall prepare a written statement of its determinations with respect to the factors below and described further in Appendix A. In addition, LAFCO's Policies and Guidelines Section 4.4 requires an additional determination be made regarding agricultural and open space lands.

#### **1. Growth and population projections for the affected area.**

There is an estimated population of less than 1,000 within the District. GCCSD's population is not expected to increase significantly. No land use changes are anticipated and little growth is anticipated within the District's boundaries other than what may occur as a result of development at full build out. The Greenstone Country Subdivision currently consists of 357 lots, though 433 lots were approved as part of the planned development. The GCCSD Board has not indicated interest in expanding its service area.

#### **2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.**

Based on all available data, it is reasonable to conclude the median household income within GCCSD is well above the median income level for a disadvantaged community. There are no areas in or around the GCCSD boundary or SOI that are identified as a disadvantaged community.

#### **3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies, including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.**

GCCSD owns the building that serves as both the District office and HOA office, but the land is owned by the HOA and the use of the structure is limited by a special use permit. The District does not own any infrastructure or facilities, including wastewater infrastructure. Wastewater treatment is provided by individual private septic systems. GCCSD plans for capital outlay projects and allocates reserves annually per its reserves policies.

#### **4. Financial ability of agencies to provide services.**

GCCSD is financed primarily through property taxes and to a lesser extent, special taxes. The special tax has a maximum limit that is several times the current special tax rate. The GCCSD Board has the discretion to increase the special tax substantially if additional revenue is necessary.

GCCSD appears to operate with financial stability and within its reserve policies. The District has adequate financial resources to provide expected services to the community; the District has no long-term debt and no major infrastructure needs. The District plans for operational and capital needs through the annual budgeting process. Revenue appears adequate for the District to continue to provide funding for services, consistent with resident expectations, and to adequately maintain reserves.

#### **5. Status of, and opportunities for, shared facilities.**

GCCSD contracts out for all services and does not own any major equipment. GCCSD shares office space with the HOA, but is not within close proximity to any other public entity

that provides similar services. No significant opportunities for shared facilities have been identified.

GCCSD is adjacent to the Mortara Circle CSD, which provides road maintenance services within its boundaries. Greenstone Country's roads are private and maintained by the HOA.

The two neighborhoods are accessed separated from Green Valley Road, there are no connecting roadways between the two neighborhoods. Given the differences in services and authorized powers, there are no opportunities to share facilities.

**6. Accountability for community service needs, including governmental structure and operational efficiencies.**

GCCSD Board meetings and notices appear consistent with Brown Act requirements (Government Code §54950 et seq.), which govern open meetings for local government bodies. Meetings are open to the public and there are opportunities for public involvement and input. The district's sharing of office space with the HOA also provides additional opportunity for community feedback.

GCCSD appears to operate efficiently under its existing structure; the current governmental and management structures are appropriate to allow the District to provide necessary services and operate in an efficient and effective manner. No significant issues regarding local accountability were noted.

**7. The potential effect of agency services on agricultural and open space lands.**

A single 40-acre parcel on the outer edge of GCCSD is included in the Gold Hill Agricultural District overlay. The parcel is owned by the HOA and not currently used for agricultural purposes. The CSD is surrounded by lands zoned for low density residential uses. It is unlikely GCCSD's services would induce growth or the premature conversion of agricultural land to developed uses. The District has no plans to expand its service area in any direction. There should be no additional impacts to the economic viability of surrounding agricultural operations as a result of GCCSD's activities or actions.

## **IV SOI DETERMINATIONS**

In determining the sphere of influence for each local agency, Government Code Section 56425 requires LAFCO to consider and prepare a written statement of determinations with respect to the factors below and described further in Appendix A. Staff recommends the following determinations for amending the sphere for the Greenstone Country Community Services District:

**1. The present and planned land uses in the area, including agricultural and open space lands.**

Present land uses within GCCSD are primarily low density and rural residential, with some agricultural uses. Planned land uses are anticipated to remain the same. There are no current plans to amend the land use designations to allow for more intense development.

**2. The present and probable need for public facilities and services in the area.**

Present needs for public facilities and services are currently being met. All public facilities have been constructed and paid for and the District has not indicated the need for additional facilities. Probable needs for future public facilities and services are not anticipated to vary significantly from present needs, though there could be a minimal increase in future demands if Greenstone Country was developed to full build out. GCCSD does have any plans to expand its current service area.

**3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.**

The present capacity of public facilities provided and maintained by GCCSD is adequate to serve the existing community, based on the current level of service expected by District residents. Private septic systems are installed by the landowner and the District does not own, operate or have a wastewater system. Recreation, drainage and security facilities are managed by the HOA with partial funding from the District.

**4. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.**

GCCSD's service area includes the entire Greenstone Country Subdivision and no additional territory. The District is located in a rural region of El Dorado County, loosely between the Rescue Rural Center to the southwest and the Diamond Springs-El Dorado Community Region to the east. Nearby communities include Rescue, Gold Hill, the greater unincorporated Placerville area, and the Mortara Circle neighborhood.

**5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.**

GCCSD provides wastewater services in the form of private septic system inspections and water quality testing. While wastewater is a municipal service as defined in Government Code Section 56425(e)(5), LAFCO has not identified any disadvantaged communities within the District's boundaries or its sphere of influence. As noted, wastewater treatment is provided by individual private septic systems.

**Sphere of Influence Recommendation**

GCCSD's service area has not changed since its creation, nor has its sphere of influence, which is coterminous with the District's boundaries. GCCSD's sphere was last affirmed on February 24, 2010.

LAFCO last reviewed GCCSD in the *2010 Greenstone Country Community Services District Municipal Service Review*, available for review on El Dorado LAFCO's website ([www.edlafco.us](http://www.edlafco.us)). The 2010 MSR found that GCCSD was providing adequate services within its existing boundaries and it was recommended that no changes be made to the GCCSD sphere of influence.

Based on the updated information and analysis in this MSR, it is recommended that no changes be made to the GCCSD sphere of influence at this time and that the Commission reaffirm the current sphere, coterminous with its service area boundaries, as depicted in ***Exhibit A***.

**V ENVIRONMENTAL REVIEW**

The California Environmental Quality Act (CEQA, Public Resources Code §21000 et seq.) requires public agencies to evaluate the potential environmental effects of their actions. OPR's Service Review Guidelines Chapter 7, *Integrating Municipal Service Reviews with the California Environmental Quality Act*, advises that "no two municipal service reviews will be exactly alike and each needs to be evaluated on its specific merits and characteristics." The environmental review for El Dorado LAFCO's service review of the GCCSD is specific to this study and may differ from the environmental review of other service reviews and other LAFCOs.

Service reviews are intended to support sphere of influence updates, including the creation and amendment of SOI boundaries, as well as other government reorganization proposals. Such activities could influence future growth patterns, and as such are considered discretionary projects under CEQA. LAFCO has the principal responsibility for carrying out and approving this service review and therefore the principal responsibility for preparing CEQA documents as lead agency.

**Exemption**

This service review and accompanying sphere of influence determinations qualify for a statutory exemption as outlined in Public Resources Code §15061(b)(3). These activities are covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The MSR and sphere of influence update have no possibility for causing a significant effect on the environment. Any future projects that make use of this service review and the information contained herein will be subject to separate environmental review under CEQA.



## VI REFERENCES AND SOURCES

### General Background Information

- 2004 El Dorado County General Plan: A Plan for Managed Growth and Open Roads; a Plan for Quality Neighborhoods and Traffic Relief, adopted July 2004
- Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, prepared by Assembly Committee on Local Government, last updated December 2022
- El Dorado LAFCO's Greenstone Country Community Services District Municipal Service Review, February 2010
- El Dorado LAFCO's General Government Services Municipal Service Review (prepared by PMC), February 2008
- El Dorado LAFCO's Water, Wastewater and Power Municipal Service Review (prepared by Dudek), January 2008
- Local Agency Formation Commission Municipal Service Review Guidelines, Governor's Office of Planning and Research, August 2003
- United States Census Bureau, [www.data.census.gov](http://www.data.census.gov), 2011 5-Year American Community Survey

### Governing and Defining Legislation

- Government Code, Division 3, §61000 et seq., Community Services District Act

### Greenstone Country Community Services District

- GCCSD Board Meeting, May 3, 2023
- GCCSD General Manager, Shelly Greene, General Correspondence, February-May 2023
- El Dorado County, Independent Special District Budgets, GCCSD, Fiscal Years 2017-18 to 2021-22
- GCCSD Independent Auditor's Report – FY 2017-18 to FY 2018-19, March 17, 2020
- GCCSD Independent Auditor's Report – FY 2019-20 to FY 2020-21, June 28, 2022
- GCCSD Annual Special Tax Reports FY 2017-18 to 2021-22
- GCCSD Resolutions and Ordinances
- GCCSD website, [www.greenstonecsd.org](http://www.greenstonecsd.org)

## VII APPENDICES

### A. **Appendix I: Background on MSRs and SOIs**

State mandates enacted in 2000 establish requirements for a Local Agency Formation Commission to conduct comprehensive reviews of all municipal services (MSRs) in its county. This service review includes a summary and analysis of the Greenstone Country CSD, along with a subsequent update to its sphere of influence. The MSR serves as a basis for the accompanying sphere of influence determinations and considerations for future government reorganizations. The information contained in this document does not explicitly plan for future services, nor will any action or change in services result directly as a result of LAFCO's adoption of the document. This service review provides a description of drainage, parks and recreation, security, and wastewater-related services provided by the district and is inherently retrospective, taking a "snapshot" of existing conditions. However, this document will be used as a guide for future decisions by LAFCO in determining the agency's ability to provide services. The report complies with all guidelines adopted by the Governor's Office of Planning and Research and will be available to other agencies and to the public.

Greenstone Country CSD was previously reviewed in the *2008 Water, Wastewater and Power MSR*, *2008 General Government Services MSR*, and the *2010 Greenstone Country CSD MSR*. For past reviews of GCCSD, or for more detailed information on the other agencies which provide similar services, please visit the LAFCO website under the "MSRs" tab.

#### Background

##### *Legislative Framework*

In 1997, the State Legislature established the Commission on Local Governance for the 21<sup>st</sup> Century (CLG). The CLG was tasked with assessing governance issues and making recommendations, directing special attention to the Cortese-Knox Local Government Reorganization Act of 1985, the then-57 Local Agency Formation Commissions governed by the Act and citizen participation in local government. CLG members included a broad spectrum of constituent groups and perspectives including counties, cities, special districts, educators, industry and elected officials.

The CLG determined that LAFCOs needed more specific information in order to make informed decisions on projects that came before them. It was recommended that LAFCOs be required to collect and review the information necessary to guide decisions before specific proposals were made. The CLG concluded that this information was necessary for LAFCOs to encourage orderly growth and to provide planned, well-ordered, efficient urban development patterns and to advantageously provide for the present and future needs of each county and its communities. Specifically, the CLG recommended that information on public service capacity and issues be gathered through periodic service reviews. These service reviews would ultimately constitute a statewide body of knowledge that could be used to resolve California's growth-related public service issues. Based on these recommendations, the State Legislature enacted Government Code §56430 as part of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH), which became effective on January 1, 2001.

Section 56430 of the CKH Act, in part, and as amended effective January 1, 2012, states as follows:

- (a) In order to prepare and to update spheres of influence in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission. The

commission shall include in the area designated for service review the county, the region, the sub-region, or any other geographic area as is appropriate for an analysis of the service or services to be reviewed, and shall prepare a written statement of its determinations with respect to each of the following:

- (1) Growth and population projections for the affected area.
  - (2) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
  - (3) Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies, including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.
  - (4) Financial ability of agencies to provide services.
  - (5) Status of, and opportunities for, shared facilities.
  - (6) Accountability for community service needs, including governmental structure and operational efficiencies.
  - (7) The potential effect of agency services on agricultural and open space lands.
- (b) In conducting a service review, the commission shall comprehensively review all of the agencies that provide the identified service or services within the designated geographic area. The commission may assess various alternatives for improving efficiency and affordability of infrastructure and service delivery within and contiguous to the sphere of influence, including, but not limited to, the consolidation of governmental agencies.
- (c) In conducting a service review, the commission may include a review of whether the agencies under review, including any public water system as defined in Section 116275, are in compliance with the California Safe Drinking Water Act (Chapter 4 (commencing with Section 116270) of Part 12 of Division 104 of the Health and Safety Code). A public water system may satisfy any request for information as to compliance with that act by submission of the consumer confidence of water quality report prepared by the public water system as provided by Section 116470 of the Health and Safety Code.
- (d) The commission may request information, as part of a service review under this section, from identified public or private entities that provide wholesale or retail supply of drinking water, including mutual water companies formed pursuant to Part 7 (commencing with Section 14300) of Division 3 of Title 1 of the Corporations Code, and private utilities, as defined in Section 1502 of the Public Utilities Code.
- (e) The commission shall conduct a service review before, or in conjunction with, but no later than the time it is considering an action to establish a sphere of influence in accordance with Section 56425 or Section 56426.5 or to update a sphere of influence pursuant to Section 56425.

In addition, several sections of CKH empower LAFCOs to obtain information for service reviews:

- Section 56378 authorizes LAFCOs to initiate and make studies of existing governmental agencies. "In conducting those studies, the commission may ask for land use information, studies, and plans of cities, counties, districts, including school

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districts, community college districts, and regional agencies and state agencies and departments. (Those agencies) shall comply with the request of the commission for that information...”

- Section 56846 states, “Every officer of any affected county, affected city, or affected district shall make available to a reorganization committee any records, reports, maps, data, or other documents which in any way affect or pertain to the committee’s study, report, and recommendation and shall confer with the committee concerning the problems and affairs of the county, city, or district.”
- Section 56844 authorizes the Commission to undertake a study or report in place of a reorganization committee, thereby transferring those access rights.

Relationship Between Spheres of Influence and Service Reviews

The CKH Act requires LAFCOs to develop and determine the sphere of influence for each applicable local governmental agency that provides services or facilities related to development. Government Code §56076 defines a SOI as “a plan for the probable physical boundaries and service area of a local agency.”

Service reviews must be completed prior to the establishment or update of SOIs (§56430(a)). Spheres of influence must be reviewed and updated, as necessary, not less than once every five years (§56425). El Dorado LAFCO’s policies already contain the update requirement (Policy 4.2).

The information and determinations contained in a municipal service review are intended to guide and inform SOI decisions. Service reviews enable LAFCO to determine SOI boundaries and to establish the most efficient service provider for areas needing new service. They also function as the basis for other government reorganizations. Section 56430, as noted above, states that LAFCO can conduct these reviews “before, in conjunction with, but no later than the time it is considering an action to establish a SOI.”

In addition to the factors in Government Code §§56425 and 56430, the Commission’s Policies and Guidelines Section 4.4 require that it make the following determinations prior to establishing a sphere of influence:

- (1) The service capacity, level and types of services currently provided by the agency and the areas where these services are provided.
- (2) Financial capabilities and costs of service.
- (3) Topographic factors and social and economic interdependencies.
- (4) Existing and planned land uses, land use plans and policies; consistency with county and city general plans and projected growth in the affected area.
- (5) Potential effects on agricultural and open space lands.
- (6) A description of the services that will be provided to any areas which may be added to the sphere and the timing and method for funding expansion of facilities or services.
- (7) An analysis of the effects a proposed sphere of influence on other agencies and their service capabilities.

Service Review Guidelines

The Governor’s Office of Planning and Research (OPR) was directed by statute (§56430) to prepare guidelines to assist LAFCOs in complying with the new service review requirements. In that regard, the final *Local Agency Formation Commission Municipal Service Review Guidelines* was released in August 2003. OPR’s intent in developing these guidelines was

“to provide a structure to assist LAFCOs to carry out their statutory responsibility of promoting orderly growth and development, preserving the state’s finite open space and agricultural land resources, and working to ensure that high quality public services are provided to all California residents in the most cost effective and efficient manner.” These guidelines were utilized in the preparation of this service review document.

The guidelines identify several possible goals and objectives for municipal service reviews to be achieved through written determinations in the required areas. These goals and objectives are as follows:

- Promote orderly growth and development in appropriate areas with consideration of service feasibility, service costs that affect housing affordability and preservation of open space, important agricultural land and finite natural resources.
- Encourage infill development and direct growth to areas planned for growth in general plans.
- Learn about service issues and needs.
- Plan for provision of high quality infrastructure needed to support healthy growth.
- Provide tools to support regional perspectives or planning that address regional, cross-county or statewide issues and processes.
- Develop a structure for dialogue among agencies that provide services.
- Develop a support network for smaller or ill-funded districts that provide valuable services.
- Provide backbone information for service provider directories or inventory reference documents for counties that do not have them.
- Develop strategies to avoid unnecessary costs, eliminate waste and improve public service provision.
- Provide ideas about opportunities to streamline service provision through use of shared facilities, approval of different or modified government structures, joint service agreements, or integrated land use planning and service delivery programs.
- Promote shared resource acquisition, insurance policies, joint funding requests or strategies.

The guidelines emphasize that “LAFCOs may need to modify these recommendations to reflect local conditions, circumstances and types of services that are being reviewed.” To that end, El Dorado LAFCO also utilized its own set of policies for service reviews (Policy 5 et seq.), which incorporate the goals and objectives listed above.

Determinations for Amending the Sphere for an Agency per Government Code §56425:

1. The present and planned land uses in the area, including agricultural and open space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.

5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

## **B. Appendix II: Background on Disadvantaged Unincorporated Communities**

Senate Bill 244, which became effective on July 1, 2012, is the State Legislature's attempt to address the issue of poor fringe communities lacking in basic municipal services, despite their proximity to cities and other local agencies providing those services. Among other things, SB 244 was written to assist disadvantaged communities that have been traditionally unserved or underserved. The statute now requires an MSR to 1) identify said communities, and 2) document deficiencies in service related to basic public services, such as domestic water, sanitary sewers, paved streets, storm drains, and street lights. Beyond the MSR process, the bill also encourages local agencies to bring services to the disadvantaged communities up to the same standard as surrounding communities.

SB 244 focuses on "disadvantaged *unincorporated* communities" (DUCs) and its overall intent is to bring services up to the same standards as other communities by incorporating them (annexing them into a city). That approach has challenges as it applies to El Dorado County. First, there are only two cities in El Dorado County and neither is in a financial or geographical position to extend services to all DUCs in the county. Second, in El Dorado County it is special districts that provide a significant amount of municipal services, not cities. For these reasons, this MSR focuses on all areas meeting the definition of a "disadvantaged community," regardless of their location inside or outside a city. "DUC" is used interchangeably in this MSR to include both incorporated and unincorporated disadvantaged communities.

"Disadvantaged communities" are defined as inhabited territory with 12 or more registered voters that constitutes all or a portion of a "disadvantaged community," which is defined in the Water Code to be "a community with an annual median household income that is less than 80 percent of the statewide annual median household income."

A census tract is a geographic area defined by the United States Census Bureau and used for the census. The geographic size of census tracts varies widely depending on the density of population; a census tract typically has around 4,000 residents, but can range from 1,200 to 8,000. Census tracts are further divided into census block groups, generally defined to contain between 600 and 3,000 people, and then finally census blocks for understanding locations in at a community level.

Although the United States Census collects demographic information at all levels, it does not publish demographic information related to income data below the block group level, in order to protect peoples' privacy. Consequently, for this report LAFCO relied on income data from the United States Census Bureau, 2021 American Community Survey 5-Year Estimates, at the census block group level.

The American Community Survey (ACS) is an ongoing survey conducted through the U.S. Census Bureau. The ACS regularly gathers information previously contained only in the long form of the decennial census, such as ancestry, educational attainment, income, language proficiency, migration, disability, employment, and housing characteristics. ACS data is collected at the census block group level, the lowest level to have data available to the public.

ACS provides a comprehensive demographic look at some communities, but is limited in that not all households are interviewed by the U.S. Census Bureau. Nevertheless, the information in the ACS is supposed to be statistically representative.

**C. Appendix III: Environmental Justice**

State law defines environmental justice as “the fair treatment of people of all races, cultures, and incomes with respect to the development, adoption, implementation, and enforcement of environmental laws, regulations, and policies” (Government Code §65040.12(e)). OPR explains that “as the primary agency with responsibility for approving changes in boundaries, LAFCOs play an important role in coordinating growth and ensuring that proposed changes are consistent with environmental justice obligations.” Changes of organization must be consistent with spheres of influence, and the information contained in this service review will guide future updates to agency spheres of influence.

OPR identifies several uses for data obtained in the service review process:

1. Improving the community participation process.
2. Identifying low-income/minority neighborhoods under-served by public facilities and services that enhance the quality of life.
3. Considering the equitable distribution of public facilities and services.
4. Considering infrastructure and housing needs.
5. Identifying low-income/minority neighborhoods where facilities and uses that pose a significant hazard to human health and safety may be over-concentrated.
6. Screening of issues for potential environmental justice implications.

Consideration of the issues listed above will assist LAFCO and other public agencies in identifying, preventing, and reversing historical problems of procedural and geographic inequity. In undertaking this service review and making the seven determinations, LAFCO used an open public participation process to screen for and identify environmental justice issues.

U.S. Census area boundaries do not correspond directly to GCCSD boundaries, but the data at the census tract level generally provides a demographic framework for the evaluation of environmental justice issues. GCCSD makes up only a portion of a large census tract. As a result, Census Tract 309.02 will contain demographic data from other areas outside of District.

Based on demographic data for census tract 309.02, summarized below from the 2021 5-Year American Community Survey, the population of GCCSD is predominantly white (82.5%) with Hispanic/Latino as the greatest minority population (11.6%). These percentages are comparable to the same demographic data for El Dorado County as a whole as well.

**Table 5: Study Area Population by Race 2021**

Area	Total	RACE							Hispanic or Latino
		White	Black or African American	American Indian or Alaska Native	Asian	Native Hawaiian or Other Pacific Islander	Some Other Race	Two or More Races	
Census Tract 309.02	4,885	4,032 (82.5%)	48 (0.1%)	74 (1.5%)	34 (0.1%)	0 (0.0%)	0 (0.0%)	130 (2.7%)	567 (11.6%)
El Dorado County	190,568	145,363 (76.3%)	1,492 (0.8%)	632 (0.3%)	9,145 (4.8%)	280 (0.1%)	381 (0.2%)	7,913 (4.2%)	25,362 (13.3%)

Source: U.S. Census Bureau, 2017-2021 American Community Survey 5-Year Estimates, B03002